



UTILITY REVENUE SERVICES

# Weekly Energy Report



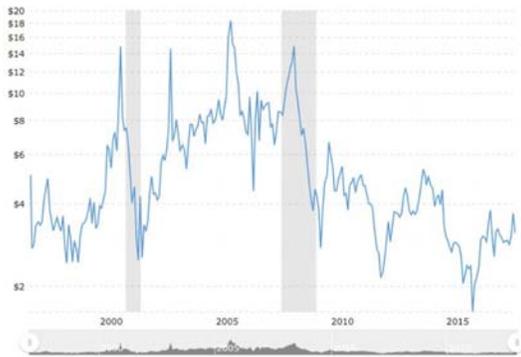
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## Natural Gas in Underground Storage

The weekly EIA Natural Gas Storage Report advised that there was an *injection* of 62Bcf (billion cubic feet) into Underground Storage for the week ending April 27th, 2018.

This is 15Bcf above the median forecast of a 47Bcf injection, the average prediction of sector analysts and traders in the Dow Jones Newswires weekly survey. The injection one year ago was 67Bcf and the 5-year average injection is 69Bcf. Storage is **903Bcf below last year** for the same week and **534Bcf below the 5-year average**. Working gas in storage stands at 1,343Bcf. Overall, at this point in time, we expect storage flows to average +60 bcf over the next three reports. The May, 2018 Natural Gas Contract closed at \$2.82. Natural gas inventories deviation from 5-year average should narrow from -29.15% today to -25.50% for the week ending May 11. We expect an average injection of  $\pm 100$ Bcf over the next 3 weeks.

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## Natural Gas Pricing

As of 9:37AM CST, June 2018, (the *new* prompt month) Natural Gas was trading at \$2.71, **-\$0.10** from one week ago and the 1-Year Spread average was \$2.78, **-\$0.12** from one week ago.

## Crude Oil Pricing

As of 9:13AM CST, June, 2018, (the *new* prompt month) Light, Sweet Crude on the NYMEX was at **\$68.46**, **-\$0.93** from one week ago.

### Crude Oil & Natural Gas

INDEX	UNITS	PRICE	CHANGE	%CHANGE	CONTRACT	TIME (EDT)	2 DAY
CLC.COM WTI Crude Oil (Nymex)	USD/BL	67.53	-0.40	-0.59%	Jun 2018	10:43 AM	
COI.COM Brent Crude (ICE)	USD/BL	72.72	-0.64	-0.87%	Jul 2018	10:43 AM	
CPH.COM Crude Oil (Tokyo)	JPY/NI	46,440.00	+80.00	+0.35%	Oct 2018	5/2/2018	
NGL.COM Natural Gas (Nymex)	USD/MMBtu	2.73	-0.02	-0.91%	Jun 2018	10:43 AM	

U.S. Petroleum Balance Sheet, Week Ending 4/27/2018

Petroleum Stocks (Million Barrels)	Current Week	
	4/27/18	4/20/18
Crude Oil	1,100.2	1,094.5
Commercial (Excluding SPR) <sup>1</sup>	436.0	429.7
Strategic Petroleum Reserve (SPR) <sup>2</sup>	664.3	664.7
Total Motor Gasoline <sup>3</sup>	238.0	236.8
Reformulated	0.0	0.0
Conventional	23.7	23.3
Blending Components	214.2	213.5
Fuel Ethanol	22.1	21.7
Kerosene-Type Jet Fuel	39.8	39.3
Distillate Fuel Oil <sup>3</sup>	118.8	122.7
15 ppm sulfur and Under <sup>3</sup>	104.7	107.6
> 15 ppm to 500 ppm sulfur	4.7	5.2
> 500 ppm sulfur	9.5	9.9
Residual Fuel Oil	32.9	33.0
Propane/Propylene	36.4	35.7
Other Oils <sup>4</sup>	263.8	263.4
Unfinished Oils	91.6	92.9
Total Stocks (Including SPR) <sup>2,3</sup>	1,852.0	1,847.1
Total Stocks (Excluding SPR) <sup>3</sup>	1,187.7	1,182.4

## Crude Oil Inventory

US crude inventories increased by 6.2 million barrels to 436.0 million barrels for the week ended April 27th, according to data released yesterday morning by the US Department of Energy. Traders in the Reuters poll projected a decrease of 0.7 million barrels.

## U.S. Rotary Rigs

U.S. Rotary Rigs drilling for natural gas were +3 at 195 for the week of April 27th. The number of rigs currently drilling for Natural Gas was 24 higher than last year's level of 171. US Rigs drilling for oil were +5 at 825. There are 128 more rigs targeting oil than last year. Canadian rigs were -8 at 85 for the week. Rigs targeting oil remain at 81% of all US drilling activity.

North American Rig Count	04/27/2018			04/20/2018		04/28/2017		Change		Percent Change	
	04/27/2018	04/20/2018	04/28/2017	Weekly	Annual	Weekly	Annual	Weekly	Annual	Weekly	Annual
Total U.S.	1,021	1,013	870	8	151	0.8%	17.4%				
Offshore	18	18	17	0	1	0.0%	5.9%				
Land	1,003	995	853	8	150	0.8%	17.6%				
Inland Waters	4	4	4	0	0	0.0%	0.0%				
Oil	825	820	697	5	128	0.6%	18.4%				
Percent	80.8%	80.9%	80.1%	-0.1%	0.7%						
Gas	195	192	171	3	24	1.6%	14.0%				
Percent	19.1%	19.0%	19.7%	0.1%	-0.6%						
Directional	68	70	63	-2	5	-2.9%	7.9%				
Horizontal	901	889	730	12	171	1.3%	23.4%				
Vertical	52	54	77	-2	-25	-3.7%	-32.5%				
Gulf of Mexico	18	18	17	0	1	0.0%	5.9%				
Gulf Oil	17	17	15	0	2	0.0%	13.3%				
Percent	94.4%	94.4%	88.2%	0.0%	6.2%						
Gulf Gas	1	1	2	0	-1	0.0%	-50.0%				
Percent	5.6%	5.6%	11.8%	0.0%	-6.2%						
Canada	85	93	85	(8)	0	-8.6%	0.0%				
Oil	33	38	24	(5)	9	-13.2%	37.5%				
Percent	38.8%	40.9%	28.2%	-2.0%	10.6%						
Gas	52	55	61	(3)	(9)	-5.5%	-14.8%				
Percent	61.2%	59.1%	71.8%	2.0%	-10.6%						
North America	1,106	1,106	955	0	151	0.0%	15.8%				
<b>Prices</b>											
Oil \$/bbl.	\$68.16	\$67.56	\$49.33	\$0.60	\$18.83	0.9%	38.2%				
Oil \$/mmbtu	\$11.75	\$11.65	\$8.51	\$0.10	\$3.25	0.9%	38.2%				
Gas \$/mmbtu	\$2.78	\$2.80	\$3.02	(\$0.02)	(\$0.25)	-0.8%	-8.1%				



### Geopolitical

**Virtual Currencies Putting Real Demand On Central Washington's Cheap Electricity:** The price of bitcoin set another new all-time high Wednesday, shooting past \$13,000. The meteoric rise in the value of bitcoin and lesser known virtual currencies is having a real-world effect in the Pacific Northwest.



### Weather

The AccuWeather 1-5 day Outlook forecasts above-normal temps for the most of the US with the exception of the Southwest. The 6-10 Day Outlook forecasts the Western half and most of the East Coast at above-normal temps with the balance of the country at normal temps. The 11-15 Day Outlook

Entrepreneurs are bombarding the public utilities in Central Washington with requests for cheap hydropower to run bitcoin computers. The global computer networks that mint and maintain the ledger for virtual currencies suck electricity big time. So-called cryptocurrency entrepreneurs are beating a path to the home of rock-bottom electricity rates: namely, Grant, Douglas, and Chelan Counties, all Washington public utility districts...

forecasts the Western half of the US at above-normal temps with the the Northeast at below-normal temps, and the balance of the East normal temps.

The 30 and 90-day Outlook projects mostly normal temps for most of the US with the exception of the Southwest, which is projected to be at above-normal temps. Severe weather is projected for the Northeast this summer with warmer-than-normal temps expected overall.



## Sustainability and Renewables

**Building on the Promise of Solar+EV Charging:** A group of organizations led by the Great Plains Institute (GPI) will work together to assess the potential value of treating renewable energy generation and controlled electric vehicle (EV) charging as a single linked technology that benefits utilities and consumers.



## This Week's Key Takeaway

**Conflicting Data:** The weather Outlook is trending bearish with demand expected to be below the seasonal average for the next 30 days for both electricity and natural. However, coal-to-gas switching is estimated to be around 6 Bcf per day, 1.5 Bcf more than in 2017 or 547 Bcf more in 2018. US oil

The U.S. Department of Energy’s National Renewable Energy Laboratory (NREL) selected GPI to conduct research on new ways that solar energy can improve the U.S. power grid. GPI was one of nine teams selected to join the Solar Energy Innovation Network program.

“We selected teams that are experimenting with promising ideas to use solar power to improve the future of grid security and reliability in their communities,” said Kristen Ardani, who leads the Innovation Network at NREL...

production is on pace to exit 2018 at 11.25 million b/d, an all-time high.

The US saw record Natural Gas production in 2017 and is on pace to see another production record in 2018. However, low natural gas prices have resulted in a manufacturing boom in the U.S. over the last half-decade. And... Freeport LNG, a privately held U.S. liquefied natural gas company, said it has pushed back the projected start date for its \$13 billion export terminal under construction in Texas by about nine months to around Sept. 1, 2019. Again, mixed signals in the Natural Gas market...

Next Day On-Peak Power (traded for 5/3/2018)		
<b>ISO-NE Mass Hub</b> <b>\$36.48</b>	<b>MISO Indiana Hub</b> <b>\$36.30</b>	<b>NYISO Zone G</b> <b>\$36.72</b>
<b>PJM West Hub</b> <b>\$58.51</b>	<b>ERCOT North</b> <b>\$31.75</b>	<b>CAISO SP15</b> <b>\$30.38</b>



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